

LUTHIN ASSOCIATES
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August 12, 2002

Mr. Richard J. Grossi
Chairman
New York Independent System Operator
3890 Carman Road
Schenectady, NY 12303

Dear Chairman Grossi:

On behalf Columbia University, New York University, Beth Israel Health Care System, Mount Sinai Medical Center, New York Presbyterian Hospital and Refined Sugars, Inc., all members of the NYISO, I am writing to support the request of the TOC that the NYISO board delay filing a request with FERC for a declaratory ruling with respect to the formation of a NERTO until the completion of the SMD NOPR process.

Consumers have a keen interest in both the formation of NERTO and in the SMD process. To proceed with the NERTO filing, without a clear understanding of the parameters of the final market design, is potentially wasteful, and diverts the limited resources of available for consumer participation. Ideally, the ultimate result will be a market structure that allocates resources efficiently, provides appropriate incentives to producers and protects consumers from the abuse of market power. Consumer confidence in all these areas can best be assured by the opportunity for meaningful participation in an orderly regulatory process. Consideration of an RTO structure, whose benefits depend heavily on market design, should properly be deferred until that market design is known.

For these reasons, the above named members of the NYISO support the request of the members of TOC that the NYISO board refrain from filing the NERTO proposal until FERC's SMD proceeding has been completed.

Your attention to this is appreciated..

Sincerely,

Catherine M. Luthin
Principal
Luthin Associates

cc: Members of the NYISO Board of Directors
Members of the ISO-New England Board of Directors

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